



RYAN BOYER
President

Philadelphia Building and Construction Trades Council – AFL-CIO

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JOHN J. DOUGHERTY
Business Manager

PATRICK J. EIDING
Secretary-Treasurer

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

June 27, 2019

Mr. Mark Smith
Chief Executive Officer
Philadelphia Energy Solutions
3144 Passyunk Avenue
Philadelphia, PA 19145

Dear Mr. Smith:

I write this letter to express our dismay and outrage regarding your recent announcement to close the Philadelphia Energy Solution facility in South Philadelphia.

As you know, I represent the over 50,000 members of the Philadelphia Building & Construction Trades Council. As Business Manager of that organization, we have enjoyed a long, cooperative and fruitful relationship with PES and its predecessor companies Sunoco, Atlantic Richfield and Gulf Oil.

To have learned of the impending closing of the facility through media accounts rather than direct contact is unacceptable. On a regular basis, this facility employs over 350 contract employees as well as providing full logistical and skilled craft support for every capital, turnaround in maintenance activity outside of your direct forces in the plant.

We, therefore, demand direct contact with you so that we can ascertain the status of our workforce and payment to our contractors and vendors. It is my understanding, that for the first time in decades, our contractors will not be paid. We also seek answers on whether or not it is your intention to bring the existing plant down in a way that allows for continued operation in the future. As you know from past history, the cost of a successful mothballing will exceed over \$200 million.

We demand increased transparency regarding PES' operations and intentions and an explicit exposure of your financial condition. Economic conditions and margins have been good. It is also my understanding that the April 2019 Quarterly Profits have been some place between \$5 million and \$20 million. Also, in the last two weeks, you have received a \$60 million settlement for remediation.

We will use whatever governmental regulatory or legal means available to us should you choose not to cooperate with us.

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We also demand that any insurance proceeds earned as a result of PES' recent explosion and fire be dedicated to the facility. It is our understanding that the area damaged from the recent accident can be recrafted and modernized for under \$40 million.

Do you intend to honor the existing PES work agreement, which has been in existence at the facility since 1995?

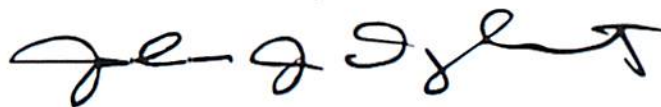
We would like a full explanation as to why work was stopped at the Girard Point and 868 facilities, when you fully knew that you could have been running at over 85% capacity and turning a profit.

Also, we would like a full explanation as to why less than two months ago you made a management change to someone whose resume was utterly underwhelming. This new management immediately canceled 60% of the scheduled maintenance upgrades. Why? I don't know what is more concerning, this management change and the two fires that followed or the immediate closing of the plant. We can't wait to see the results from the formal investigation on this most recent fire. Your most recent activities have opened everything to question. As you very well know, we just finished 7.2 million hours of work at the Marcus Hook facility which was completed at 99.3% efficiency. It was basically a perfect installation completed without any significant issues or injuries.

The announced closure of your South Philadelphia refinery facility is capricious and will prove to be ruinous to Philadelphia's economy, a city that has been a most welcoming and generous partner with PES for many years. On behalf of thousands of PES' loyal union workers who face unemployment, I ask that you rescind or suspend the planned closure of the facility and engage in meaningful dialogue with the Kenney administration as well as other government officials and your union partners.

We await your earliest possible response.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Dougherty". The signature is fluid and cursive, with a long horizontal line extending from the end.

John J. Dougherty
Business Manager

JJD/ee

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